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## BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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IN THE MATTER OF THE COMMISSION'S ) DOCKET NO. E-00000XX-13-0214  
 INVESTIGATION TO ADDRESS ENERGY )  
 EFFICIENCY / DEMAND SIDE MANAGEMENT )  
 ) **MORENCI WATER AND  
 ELECTRIC COMPANY  
 COMMENTS**

Morenci Water and Electric Company ("MWE") submits comments regarding the draft rules submitted by Arizona Corporation Commission Utilities Division Staff ("Staff") in this docket. Specifically, MWE is supportive of the proposed change to A.A.C. 14-2-2402 – Applicability of the energy efficiency rules. This change would mean public service corporations that own less than 50 megawatts ("MW") of generation facility(ies) will not be required to file a proposed energy efficiency implementation plan every other year. This makes sense for MWE in particular.

As MWE has stated numerous times in previous dockets, it is a small electric utility in terms of number of customers (less than 3,000), which just happens to serve two very large industrial customers – mining operations of Freeport McMoRan Copper & Gold, Inc. ("Freeport").<sup>1</sup> Over 98% of MWE's load is to these mining operations, which are constantly incented to improve efficiencies but, will always require a significant amount of energy. Moreover, using energy sales cannot be used as a metric to determine energy efficiency gains from mining operations. Moreover, MWE does not have the expertise to direct any efficiency programs over mining operations. So MWE will always have to seek a waiver to exclude load from mining operations under the rules currently in effect.

<sup>1</sup> MWE is a subsidiary of Freeport, but is a separate entity that was formed for the purpose of providing electric and water service to customers, in the Morenci townsite and the Town of Clifton, many of whom are renters in Freeport-owned housing.

1 Thus, any efficiency programs for non-mining customers would only have very limited effect  
2 on MWE's overall load portfolio. Further, MWE has seen customer participation in only its CFL  
3 program; there has been no participation in the other programs MWE currently offers. Thus, MWE  
4 will also have to seek a waiver from the standard contained with the current energy efficiency rules  
5 even for non-mining customers (most DSM programs are simply not applicable to MWE).

6 Finally, MWE also owns no generation. It simply acquires whatever power is needed to  
7 serve its customers when needed. This has benefited its customers, particularly residential  
8 customers, because of MWE's unique customer profile and its ability to procure low-cost power.  
9 Thus, MWE has no utility-owned generation resource that could be replaced with energy efficiency  
10 measures.

11 As a result, MWE supports the proposed changes to A.A.C. R14-2-2402 that remove it from  
12 the requirements – many of which are complex and could require the incurrence of significant  
13 expenses. It is not an easy task for MWE to put plans together every other year – especially since  
14 MWE cannot dedicate a staff member solely to energy efficiency. Simply put, the costs to MWE to  
15 comply with the energy efficiency rules outweigh the benefits to MWE customers.

16  
17 RESPECTFULLY SUBMITTED this 18<sup>th</sup> day of November, 2014.

18 MORENCI WATER AND ELECTRIC COMPANY

19  
20  
21 By 

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1 Original and thirteen copies of the foregoing  
2 filed this 18<sup>th</sup> day of November 2014, with:

3 Docket Control  
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7 Copy of the foregoing hand-delivered  
8 this 18<sup>th</sup> day of November, 2014, to:

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